

**Montana Agriculture Development Council Meeting Minutes
September 7 & 8, 2011
Helena, Montana**

Members in attendance:

Ron de Yong, Director of Agriculture, Helena
Dore Schwinden, Director of Commerce, Helena (September 7th)
Marty Tuttle, Chief Legal Counsel, Department of Commerce (September 8th) (Proxy)
David Tyler, Chair, Belgrade
Patricia Quisno, Harlem
Bill Koenig, Kalispell

Members absent:

Ervin Schlemmer, Vice Chair, Joliet
Verges Aageson, Gildford

Staff in attendance:

Joel Clairmont, Deputy Director, Montana Department of Agriculture
Cort Jensen, Chief Legal Counsel, Montana Department of Agriculture
Collin Watters, Bureau Chief, Agriculture Marketing and Business Development (AMBD)
Angie Nelson, Program Manager, Growth Through Agriculture (GTA) Program
Lindra Davies, Marketing Technician
Garrett Williams, International Marketing Intern
Angie DeYoung, Marketing Specialist (partial attendance)
Nancy Matheson, Special Projects Coordinator (partial attendance)
Chad Lee, Business Development Officer (partial attendance)
Linda Howard, International Marketing Officer (partial attendance)
Mark Bisom, Bureau Chief, Trade & International Relations, Montana Department of Commerce (partial attendance)

Montana Department of Agriculture staff were available to the Agriculture Development Council (Council) for information purposes.

David Tyler, Chair, called the meeting to order at 8:15 a.m. Wednesday, September 7, 2011 and adjourned the meeting at 6:10 p.m. on Wednesday, September 7, 2011.

Council reconvened at 8:10 a.m. on Thursday, September 8, 2011 and adjourned the meeting at 4:40 p.m. on Thursday, September 8, 2011.

Roll Call/Call for Proxies

- No proxies were received for Wednesday, September 7th.
- Thursday, September 8th, a proxy was received from Dore Schwinden, Director of Montana Department of Commerce granting voting authority to Marty Tuttle, Chief Legal Counsel, Montana Department of Commerce, who was present as Director Schwinden's representative.

Meeting Prep and Discussion

Angie Nelson, Growth Through Agriculture Program Manager, gave a summary of the budget for funding the current applicant schedule and an overview of the agenda in preparation for the next two business meeting days.

Applications Presented and Council Determinations

- A. **Little Rockies Meat Packing Plant/Smokehouse, Harlem, MT, President Tracy King, Michelle Fox and Mike Fox, Fort Belknap Indian Community**
“Little River Smokehouse/Little Rockies Meat Processing, Innovation and Expansion for Food Producers Market”

Motion: Do not fund; but Fort Belknap Indian Community will be eligible to submit a proposal at the next round of GTA funding contingent upon approved completion of reporting requirements from GTA contract # 0650915.

By: Bill Koenig

2nd: Ron de Yong

Action: Motion carried with no dissenting votes. Patty Quisno recused herself from determination on this proposal.

The Council recommended that the applicant seek technical assistance from Department of Agriculture’s marketing staff in developing any future applications and suggested not to seek funding for the purchase of livestock in the future.

- B. **Quinn Farm and Ranch, Big Sandy, MT, Robert M. Quinn (via teleconference)**
“Farming for Food and for Fuel: Adding Value to Montana’s Oilseed Industry”

Motion: To fund the project as a loan in the amount of \$15,000.00 toward the purchase of equipment to expand the business’s organic culinary grade oilseed pressing facility. Terms of the loan include an interest rate of four percent (4%) with non-deferred interest and payment and repayment to occur over a period of two years. The loan funds are to be matched at least \$1 for \$1 with project equipment and/or construction costs.

By: Patty Quisno

2nd: Bill Koenig

Action: The motion carried with no dissenting votes. (Marty Tuttle voted by proxy for Dore Schwinden)

- C. **Montana Monster Munchies, LLC, Bozeman, MT, Rich Powell**
“Montana Hi-Value Crop Agriculture-Work Force for the Future Initiative”

Motion: To fund the project as a grant in the amount of up to \$6,000.00 for up to half (50%) of the proposed product costs of labeling, printing, artwork, corrugated material, and shipping to implement a fundraising effort in coordination and support of Montana FFA using the company’s baked goods. The grant funds are to be matched with the other half (50%) of the eligible costs listed above.

By: Ron de Yong

2nd: Patty Quisno

Action: The motion carried with no dissenting votes. (Marty Tuttle voted by proxy for Dore Schwinden)

D. Montana Coffee Traders, Inc., Whitefish, MT, Barb Brant

“Montana Coffee Traders, Inc. – Montana Grange Kitchen Project – Community Food Processing Facility”

Motion: To fund the project as a grant in the amount of \$4,500.00 to assist with the completion of a Phase I Kitchen Facility Plan in coordination with the Montana Manufacturing Extension Center for the company’s bakery and product processing operations in Whitefish, Montana.

By: Marty Tuttle

2nd: Bill Koenig

Action: The motion carried with no dissenting votes. (Marty Tuttle voted by proxy for Dore Schwinden)

The Council directed Department of Agriculture marketing staff and legal counsel to discuss non-profit and other options regarding the community kitchen with the applicant and to suggest that they are eligible to return for the next round of funding.

E. Muddy Lamb, LLC, Fishtail, MT , Carol Bass & Holly Russell

“Muddy Lamb Studio Expansion – Wool Apparel Production and Retail Outlet”

Motion: Do not fund. The applicants are eligible for funding from the Growth Through Agriculture Mini Grant program that would assist with the proposed funding for web design, online shopping system or other activities. Seek legal counsel about information on nonprofit organizations.

By: Ron de Yong

2nd: Dore Schwinden

Action: Motion carried with no dissenting votes.

David Tyler recused himself from discussion on this proposal.

F. North-Missoula Community Development Corporation, Presented by Hermina Harold, North-Missoula Community Development Corporation

“Burns Street Bistro: A Montana-Made Café, Commissary Kitchen, and Mobile Catering Business Incubated by, and Partnered with, the North-Missoula Community Development Corporation”

Motion: Do not fund.

By: Bill Koenig

2nd: Dore Schwinden

Action: Motion carried with no dissenting votes.

G. Three Hearts Farm, Bozeman, MT, Dean Williamson

“Young Farmer Apprenticeship (Three Hearts Farm)”

Motion: Do not fund. Encouraged applicant to seek apprenticeship accreditation and for assistance in that area to contact Mark Maki and/or David Morey, Montana Department of Labor and Industry, Workforce Development & Apprenticeship Programs.

By: Dore Schwinden

2nd: Patty Quisno

Action: Motion carried with no dissenting votes.

- H. Prairie Heritage Farm, LLC, Conrad, MT, Jacob Cowgill**
“Developing Alternative Grains and Seeds on a Diversified Family Farm for Direct and Specialty Markets”
Motion: To fund the project as a reimbursable grant in the amount of \$16,000.00 toward the purchase of seed cleaning equipment necessary for cleaning the business’s ancient and heritage seeds specialty crop.
By: Bill Koenig
2nd: Patty Quisno
Action: The motion carried with no dissenting votes. (Marty Tuttle voted by proxy for Dore Schwinden)
- I. Headframe Spirits, Inc., Butte, MT, John & Courtney McKee**
“Building a Value-Added Agricultural Manufacturing Facility for the Production of: 1) Distilled Spirits 2) Continuous Flow Distillation Equipment”
Motion: To fund the project as a loan in the amount of \$14,500.00 toward continuous flow distillation equipment for the production of distilled spirits. Terms of the loan included an interest rate of four percent, one year deferment of payment and interest with repayment to be scheduled over a three year period. **Matching funds**
By: Patty Quisno
2nd: Marty Tuttle (proxy for Dore Schwinden)
Action: The motion carried with no dissenting votes.
- J. Bowser Brewing Company, Great Falls, MT, Evan Bowser**
Motion: Do not fund.
By: Ron de Yong
2nd: Patty Quisno
Action: Motion carried with no dissenting votes.
- K. Rycom Transload Services, LLC, Tim MacDonald & Ryan Slozka (via teleconference)**
“Rycom Transload Services Expansion”
Motion: To fund the project as a reimbursable grant in the amount of \$15,000.00 toward construction costs for expanding the business’s rail trans-load system.
By: Ron de Yong
2nd: Bill Koenig
Action: The motion carried with no dissenting votes. (Marty Tuttle voted by proxy for Dore Schwinden)
- L. Opportunity Resources, Inc., Missoula, MT, Tim Furey**
“Opportunity Resources, Inc. Convertible Greenhouse Project”
Motion: Do not fund.
By: Bill Koenig
2nd: Patty Quisno
Action: Motion carried with no dissenting votes.
- M. The Apple Barrel Inc., Kalispell, MT, Dana Cordell**
“The Apple Barrel Country Market Processing Facility Expansion”

Motion: To fund the project as a grant in the amount of \$15,000.00 toward the purchase of an apple cider press that will adequately meet the increased demand for sweet apple cider and will allow the company to expand into the hard apple cider industry.

By: Ron de Yong

2nd: Bill Koenig

Action: The motion carried with no dissenting votes. (Marty Tuttle voted by proxy for Dore Schwinden)

N. Glacier Natural, LLC, Kalispell, MT, Leonard “Bud” Desmul
“Glacier Natural, LLC Business Start-Up Equipment Purchases, Marketing and Branding of Montana Fruit Juice”

Motion: Do not fund. The applicants were invited to return for next round of Growth Through Agriculture funding.

By: Bill Koenig

2nd: Dore Schwinden

Action: The motion carried with no dissenting votes.

O. Bill & Marilyn Hedstrom, dba Hedstrom Dairy, Kalispell, MT
“Hedstrom Dairy Expansion”

Motion: Do not fund.

By: Patty Quisno

2nd: Marty Tuttle (proxy for Dore Schwinden)

Action: The motion carried with no dissenting votes.

Kalispell Creamery Loan – Contract # 1050341

Motion: To convert SFY2010 loan award in the amount of \$30,000.00 to Kalispell Creamery into a grant award, with the stipulation that a written report will be due by October 1, 2012 on the progress and status of the operation.

By: Ron de Yong

2nd: Patty Quisno

Action: The motion carried with no dissenting votes, Bill Koenig abstained from voting on this proposal. (Marty Tuttle voted by proxy for Dore Schwinden)

Council noted that it made this decision in order to assist the Hedstrom Dairy/Kalispell Creamery project overall and decided that the best way to assist the operation in light of the amount of funding available for awards for SFY2012 was to offer Kalispell Creamery the opportunity of converting the business’s former award of a loan into a grant.

P. Great Northern Pasta Co., Whitefish, MT, Jeffrey Russell
“Great Northern Pasta Co. Business Expansion”

Motion: To fund the project as a grant in the amount of \$45,000.00 toward the purchase of walk-in fridge/freezer, blast freezer and associated construction costs. Receipt of the award would be contingent on the committal of additional funding by January 1, 2012 allowing the recipient to relocate to a larger facility.

By: Bill Koenig

2nd: Patty Quisno

Action: The motion carried with no dissenting votes. (Marty Tuttle voted by proxy for Dore Schwinden)

Q. Montana Yogurt Co., Missoula, MT, David Merrill

“Montana Yogurt Co. – Launching Montana’s First Yogurt Production Facility”

Motion: Do not fund; applicant eligible to reapply during the next round of funding.

By: Bill Koenig

2nd: Patty Quisno

Action: Motion carried by a margin of three to two. (Marty Tuttle voted by proxy for Dore Schwinden)

The Department of Agriculture legal counsel, Cort Jensen, encouraged David Merrill of Montana Yogurt Co. to speak with the Missoula County sanitarian about any regulations regarding fruit ingredients in addition to dairy.

Department of Agriculture marketing staff offered to connect applicant with suppliers and distributors and suggested that the applicants also look into funding opportunities from Montana Community Development Corporation which has an office location in Missoula.

R. The Healthy Pantry, Inc., Red Lodge, MT, Keith Lauver

“The Healthy Pantry, Inc.: Using In-Store Display Units to Increase National Grocery Sales of Montana-Made Products”

Motion: To fund the project as grant in the amount of \$13,500.00 as proposed.

By: Patty Quisno

2nd: Marty Tuttle (proxy for Dore Schwinden)

Action: The motion carried with no dissenting votes.

S. Tammi and Justin Michels, dba Kootenai Cannery, Eureka, MT

“Kootenai Cannery: Utilizing Readily Available Montana Resources to Produce High Quality – High Value Canned Goods Which Inspire a Smile to the Face of the Taster – the Seller – and the Maker”

Motion: To fund the proposal as a reimbursable grant in the amount of \$20,500.00 toward the purchase of a commercial grade cook range and walk-in cooler for the purpose of expanding the business’s food processing capabilities.

By: Ron de Yong

2nd: Bill Koenig

Action: The motion carried with no dissenting votes. (Marty Tuttle voted by proxy for Dore Schwinden)

T. The Orchard at Flathead Lake, LLP, Heidi Johnson, Bigfork, MT

“Planting a Research Block of Flathead Cherry Trees Implementing the Upright Fruiting Offshoots (UFO) Training Method”

Motion: To fund the project as a grant in the amount of \$18,980.00 as proposed.

By: Marty Tuttle (proxy for Dore Schwinden)

2nd: Ron de Yong

Action: The motion carried by a margin of four to one.

**U. Hampton Enterprises, Inc. dba Tizer Meats, Matt Elvkakken, Helena, MT
“Tizer Meats Expansion Project”**

Motion: To fund as a reimbursable grant in the amount of \$25,000.00 toward the purchase and installation of a washing and sanitizing system contingent the applicant’s successful attempt to gain additional funding in order to establish a meat processing facility by January 1, 2012.

By: Bill Koenig

2nd: Patty Quisno

Action: The motion carried with no dissenting votes. (Marty Tuttle voted by proxy for Dore Schwinden)

Other Business

Mark and Zeynep Martello of Z’s Old World Foods submitted an application via email only for Council review for the current round of funding. Angie Nelson pointed out that the application was not fully complete and was not submitted in the required manner and asked if the Council would like to accept the proposal for review at this time.

The Council determined it would not review the application at this time, but would welcome an application from Z’s Old World Foods at the next round of funding.

Requests

- *Pioneer Meats – 1150381(revisited)*

Brian Engle from Pioneer Meats spoke with the Council via teleconference to explain that he is still processing meat from his current meat processing facility and that the vacuum stuffer has been purchased.

Motion: To defer payment and interest one year from the date of original contract execution (1st payment would be due December 4, 2011).

By: Bill Koenig

2nd: Ron de Yong

Action: The motion carried with no dissenting votes.

- *Mountainview Gardens – 1050322*

Darren Banek from Mountainview Gardens requested that the Council consider his request to change the budget for the grant award the business received in the amount of \$46,200.00. The original proposal was to install geo-thermal heat into the business’s greenhouse but due to loss of a staff member and difficulty securing funding from USDA, the proposal was no longer feasible in the timeline of the grant contract

Mr. Banek would like to retain \$26,410.00 of the grant award to build a small isolated greenhouse to house a sensitive variety of organic Heirloom tomatoes.

Motion: Allow a budget change of \$26,410.00 to expand greenhouse for a new heirloom tomato project. The remaining grant balance of \$19,790.00 will remain allocated toward the project’s original purpose.

By: Bill Koenig

2nd: Patty Quisno

Action: The motion carried with no dissenting votes.

The Council also discussed that it may be willing to discuss other proposed budget changes for the remaining grant funds.

- *Going to the Sun Fiber Mill (revisited from Tuesday's business teleconference meeting)*

The Council questioned whether the business is in possession of the equipment purchased with GTA funding or if it was sold. Bill Koenig offered to take pictures and report on what he gathered from his site visit.

Peaks and Prairies/Lubrigreen Biosynthetics, LLC

Kent Wasson of Peaks and Prairies/Lubrigreen Biosynthetics, LLC spoke via teleconference with the Council to voice his appreciation for the Council's support and provided an update of the business's status.

During SFY 2004 and 2005, the Council approved funding for Peaks and Prairies, LLC, located in Malta, for the purposes of upgrading the business's bio-lubricant production facility and for product development and marketing.

The business's first products were biodegradable chain saw lubricant, a WD-40 style lubricant and dust suppressant. At the time, their future ambition was to develop environmentally friendly motor oil made out of canola for domestic use to reduce dependence on foreign oil. To date Mr. Wasson reported that the industry has successfully advanced commercialization, production and availability of high-value, high-performance motor oils with increased market potential throughout the United States and global markets and created demand for value-added oilseed crops.

Staff Presentations:

***Staff Presentation by Chad Lee, Business Development Officer,
Montana Department of Agriculture***

Chad presented a power point presentation explaining the positive impacts of introducing pulse crops into a crop rotation system.

Department of Commerce Update (January – June 2011)

Mark Bisom, Bureau Chief, Trade & International Relations Bureau provided a summary of the bureau's technical and marketing assistance for Montana agriculture producers interested in pursuing business opportunities domestically and internationally. During this reporting period assistance was provided to 40 Montana agriculturally based companies on a total of 56 requests.

Overseas trade offices are maintained in Taipei, Taiwan and Kumamoto, Japan and Mark reported on activities performed in those regions that support and promote Montana agriculture and the export and sale of value-added products to markets in East Asia.

Department of Agriculture Update (February – July 2011)

Collin Watters, Bureau Chief, Agriculture Marketing and Business Development Bureau provided a staff report of current activities encompassing the areas of marketing, business development, agriculture education and the GTA program.

Collin explained that Marty Earnheart, Livestock Marketing Officer, was not available to present her activity highlights because she was in Moscow, Russia attending a trade show for the purpose of maintaining established relationships and creating new business opportunities for Montana's livestock industry.

During the Spring of 2011 two AMBD positions were filled. Linda Howard accepted the position of International Marketing Officer and Angie Nelson accepted the position of Growth Through Agriculture Program Manager.

Mandy Jacobs was hired as this year's summer intern. Her projects included feedlot research, GTA Program assistance and increasing awareness of the availability of locally grown and processed foods to Montana's schools.

***Staff Presentation by Angie DeYoung, Domestic Marketing Officer,
Montana Department of Agriculture***

Angie provided the Council with a presentation that outlined her method of gaining company knowledge in order to effectively direct and prepare the company for marketing their products. Many of the companies utilize a program she developed called the Farm to Table Connection program where Montana producers and products are introduced to grocery stores, restaurants and schools.

***Staff Presentation by Linda Howard, International Marketing Officer,
Montana Department of Agriculture***

Linda introduced Garrett Williams who was able to come on board through a contract with Western United States Agricultural Trade Association (WUSATA) and will work on behalf of the Department of Agriculture through December 2011. Recently Linda and Garrett hosted buyers from Mexico to meet with several companies in the Billings and Bozeman areas.

***Staff Presentation by Nancy Matheson, Special Projects Coordinator,
Montana Department of Agriculture***

Nancy discussed with the Council how she works with food producers on an ongoing basis to interpret food and food safety regulations in an attempt to provide the public with accurate and consistent information. She currently administers the Montana Food System Council (MFSC) and the Federal-State Marketing Improvement Program (FSMIP) project. The FSMIP project involves mapping Montana's food system infrastructure to find effective methods of sourcing and transporting Montana food products to consumers throughout the state.

***Staff Presentation by Angie Nelson, GTA Program Manager,
Montana Department of Agriculture***

The grant management system being developed by Tom Nyilasi of Dulles Technology in Virginia began in June 2011. Several State agencies and the Department of Agriculture Ag Sciences Division have shared interest in the program. Mr. Nyilasi is currently in the process of developing pieces unique to each program. To this point, the GTA application is in the final stages of preparation and was ready enough for Angie Nelson to demonstrate the online application form procedure to the Council.

Public Comments

Chair, David Tyler, called for public comments Wednesday, September 7, 2011. No public comments were presented.

Chair, David Tyler, called for public comments Thursday, September 8, 2011. No public comments were presented.

Other Business

- Next Application Deadline

The Council agreed to set the next deadline date for submitting Growth Through Agriculture applications as January 31, 2012.

- Next Meeting Date

The Council agreed to tentatively schedule the next Agriculture Development Council meeting during the first or second week in March. Lindy Davies, Marketing Technician for the Department of Agriculture will contact the Council members in January to establish the final dates for the next meeting.

- Election of Officers

The Council agreed to retain David Tyler as Agriculture Development Council Chair.

The Council agreed to retain Ervin Schlemmer as Agriculture Development Council Vice Chair.

Respectfully submitted by:
Lindra Davies, Marketing Technician
Montana Department of Agriculture